



# Acquisition Reform



## \*\*\*\* Update \*\*\*\*

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### INTRODUCING THE ACQUISITION REFORM UPDATE NEWSLETTER

This issue inaugurates the Acquisition Reform Update, a periodic newsletter intended as a new forum for communication of issues and events concerning acquisition reform. Acquisition Reform is "in the air" today at all levels of the Administration and the Department of Defense, but how is it going to affect **YOU**? And even more importantly, what can you do to affect and contribute to it? This newsletter will help to give you some of the answers to these questions.

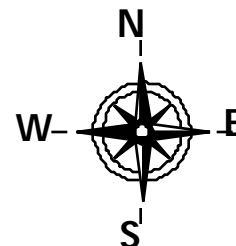
We hope it can become a two-way channel for the DON acquisition community, not only keeping everyone informed about new top-level initiatives, but also serving to spread news about how reform is actually being implemented today from the ground up in many of our acquisition

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programs. We want this newsletter to serve as a source of "lessons learned" and good examples

which you may be able to adapt to your own programs and unique circumstances. To that end, we invite members of the Navy acquisition community to send us information about related subjects of interest, including success stories, new initiatives, organization changes, etc. Contributors may forward materials on disk, using most common word processing formats, or can simply fax inputs. For more information, please contact Mr. Bill McAninch at (703)602-2390, CP5, Rm 536.



### ASN(RDA) MESSAGE ON ACQUISITION REFORM

"Acquisition reform is my top priority. We will not be able to afford to recapitalize our Naval force for the future unless we change the way that we do business.

Acquisition reform supports the larger goals of the National Performance Review. The key benefit, however, is that we 'reinvent' our acquisition system, to work better and cost less. We should strive to 'be only as specific as necessary' and use performance criteria rather than detailed specifications whenever possible. We have to start behaving more like a customer in the commercial market place. Toward this end we will fully implement Secretary Perry's acquisition reform initiatives."

-Nora Slatkin

### DON ACQUISITION REFORM DIRECTOR DESIGNATED

ASN(RDA) has recently established the position of Acquisition Reform (AR) Director under the Deputy for Acquisition Policy, Integrity and Accountability (RADM Mike Sullivan, SC, USN). The AR Director, Mr. Tim Douglass, serves as a focal point for Naval acquisition reform initiatives. His objectives are five-fold:

- \* To coordinate acquisition reform initiatives across the Department of the Navy and with OSD and the other services.

- \* To serve as a facilitator of innovation by SYSCOM and PEO acquisition program managers and their staffs, providing information, encouragement, and advice.

- \* To assist ASN(RDA) in formulating and implementing policy guidance for the Department.

- \* To publicize and circulate Navy acquisition reform accomplishments and lessons learned.

- \* To develop and institute an AR training program to affect cultural change in the workplace.

As noted above, one of his primary functions is to help you apply acquisition reform principles to your programs and problems. If you have a question, a suggestion, or a contribution of any kind to put forward on the subject, you can contact Mr. Douglass at (703)602-2385.



## SPECIFICATIONS AND STANDARDS - A NEW WAY OF DOING BUSINESS



On 29 June 1994 the Secretary of Defense issued a new policy on MILSPECS to increase access to commercial state-of-the-art technology and promote the closer integration of the commercial and defense industrial bases. The central tenet of this new way of doing business, which is effective immediately, is to use performance-based and commercial specifications and standards in lieu of military specifications and standards in all our new system acquisitions, unless no practical alternative exists. ASN(RDA) has also issued implementing guidance for DON in a memorandum dated 27 July 1994.

If you have not read both documents, you need to **NOW**. If your office doesn't have copies immediately available, contact CDR Petroka at (703)602-2389.

## ACQUISITION REFORM: THE ABC'S

To help you keep the basic principles of Naval acquisition reform in mind, think of your ABC's:

**A**dvanced Technology Insertion is a key to meeting DON's ever-increasing performance requirements with ever-decreasing funds available. In an increasing number of cases, the state of the art in technology today will be found on the commercial side of industry, not in defense. Use of commercial specifications and commercial-off-the-shelf (COTS) equipment wherever feasible, and the application of dual use manufacturing are some of the tools available to help DON PMs apply the best available technology.

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**B**est Commercial Practices must be applied in all our acquisition programs to ensure we acquire hardware and software systems with the performance, quality and reliability our sailors and Marines require, at a price we can afford. That means wider use of commercial specifications and performance-based specifications that tell our suppliers **what** to do and not **how** to do it. It also

means closer partnership and teaming with our defense industry suppliers, using the principles of Integrated

Process and Product Development (IPPD) to adopt the best World Class engineering and business practices in the development and production of our systems.

**C**ost

Reduction is at the heart of what acquisition reform is really all about. Each of the Department of the Navy's reform initiatives has the underlying objective of enabling us to get more for less. This involves focusing on all of the above, as well as on innovative and creative ways of doing business through Value Engineering, reduction of unnecessary oversight and low value added paperwork, and reduced infrastructure, both within the Department of the Navy and among our defense suppliers.

Remember: whenever you think acquisition strategies, think of the ABC's!



## ACQUISITION REFORM INTERIM TRAINING PLANNED

Are you confused about Acquisition Reform? Do you wonder what it's really going to mean to your program? Some help is on the way. We are working to develop a series of short training sessions beginning this fall to acquaint the acquisition workforce with both the principles of acquisition reform and practical implementation guidance.

The initial kick-off session will be held in the near future and will concentrate on the need for and basic principles of acquisition reform. Mr. Deutch (DEPSECDEF) and Ms. Slatkin (ASN(RDA)), among others, will attend and provide their vision of the way ahead for all of us in Defense acquisition. Attendance at this first session will be by invitation only, but the meeting will be videotaped and distributed widely for viewing by all Naval acquisition personnel.

In November, Phase Two training will begin with a short course of approximately a day and a half

duration which will focus on the practical implementation of the new policies and ways of doing business, including the need to reduce or eliminate the use of military specifications and standards. This course will be offered regularly for all personnel engaged in acquisition activities for the Department of the Navy. We plan to present Phase Two training using Navy acquisition personnel as facilitators. Follow-on Phase Three training is also in the preliminary planning stages, and may include some training for critical contractor suppliers. If you would like to be in the forefront of acquisition reform and feel you would make a good facilitator, contact Ms. Judy Rumsey at (703)602-2356.

## ACQUISITION OMBUDSMAN ASSIGNED

Acquisition reform is a complex issue. The principles may be clear, but their application to specific cases and programs is not always so simple. There will usually be several possible approaches and differing opinions.

APIA has established an Acquisition Ombudsman (AO)

position to provide assistance on request to PMs and PEOs in developing and executing program strategies that comply with DoD and DON acquisition reform policies. The AO will not have any program review or approval authority, but will always be available to provide assistance or advice upon request. He can help you as:

- \* A resource to help interpret policies.
- \* A source of assistance in resolving issues related to your acquisition reform initiatives.
- \* A source of information on the variety of innovative program approaches and strategies employed by other DON PEOs and PMs.

CDR Dave McDonald is your AO. He is available for consultation any time at (703)602-2851.

## AUTOMATED TOOLS FOR PMs -- PART 1



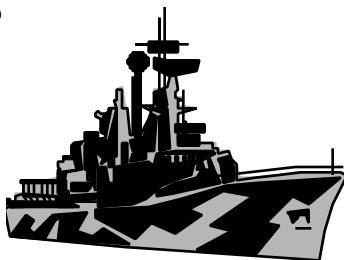
Several automated tools have been developed to assist PMs and their staffs in the acquisition management process. One of the most mature of these tools is the Air Force Acquisition Model (AFAM) which was developed by the Air Force Material Command and initially deployed in 1992. AFAM is a text retrieval system which provides current and accurate information on acquisition and support processes and access to key acquisition documents, such as Air Force and DoD regulations, handbooks and policy letters.



The AFAM Program Office provides complete support for the installation and use of the model. At the present time there is one basic model with variants, including a Navy version developed for the Navy Cruise Missile Program and NAVAIR.

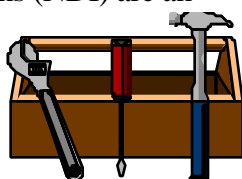
The minimum hardware recommended to run the program: 386-class computer; 4 MB of total RAM; 45 MB hard disk, CD drive, or LAN; VGA color monitor; and mouse. The minimum software required is Microsoft Windows 3.1 or Microsoft Windows NT.

If you would like to experiment with the Navy version of AFAM in your project office, copies of the model, training on the model and technical assistance can be obtained by calling LtCol David London, DSN: 785-0416/(513)255-0416.



## NDI: HERE'S HOW TO DO IT

Non-Developmental Items (NDI) are an important resource in the acquisition reform tool kit. But perhaps you're not sure how to go about it. Read on to learn how.....



NAVSEA 03G is using NDI to procure a portable diesel-fueled emergency firepump to replace the existing unreliable diesel driven P250

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pump used on Navy ships. This new pump is a shining example of how an NDI approach can be used to procure a new piece of equipment that meets the Navy's needs and can be delivered to the deckplate expeditiously with no development cost. NAVSEA 03G started with a market survey of candidate pumps, thoroughly evaluated the six or seven industry responses received, and then picked the best NDI performer for further evaluation. A "pump-off" was held to compare this pump to the diesel driven P250 pump. Two different fire scenarios - a debris fire and a JP-5 fire - were used for the "pump-off". Both pumps put out the JP-5 fire in about the same amount of time. However, the diesel driven P250 took 17 minutes to start; the NDI pump took 1 minute. For the debris fire test, the NDI pump was started in 1 minute and put out the fire in a satisfactory amount of time; the diesel driven P250 never started at all.



Twenty-five NDI pumps were put out in the Fleet for shipboard and land-based testing. The shipboard evaluation uncovered a corrosion problem that had not been found in lab tests. Anti-corrosion, in fact, has been rated number one of the "Best Value" attributes to be used in the source selection process.

A team consisting of NAVSEA and SPCC engineers, logisticians, contracts personnel and lawyers was formed to plan the strategy and prepare the documentation for the new portable pump procurement. The team prepared a performance specification based on the requirements for shipboard firefighting, taking into account information collected during the market survey, the "pump-off", lab tests and shipboard testing. The only MILSPEC or STD reference in the specification is to the type of oil and fuel required for the pump. All other requirements, including corrosion control, are based on best commercial/commercial marine practices. In addition, offerors are required to subject their pumps to an acceptance test and to submit a test report, which has been certified by a government approved independent test laboratory, with their proposal that

verifies that their pump meets all performance requirements.

NAVSEA 03G has ensured training, maintenance, spare/repair parts and technical manuals are not forgotten. The new portable pump will come with an informational video which demonstrates initial setup, operation and maintenance for training and maintenance, an instruction manual, a maintenance manual and draft MRC cards. Spare parts and repair support will initially be provided commercially until Navy support is established. In addition, NAVSEA 03G has inhouse resources available to modify the commercial technical manual for the pumps, if the vendor's commercial technical manuals are not sufficient to support Navy's operational requirement.

For more information on this strategy, and ideas on how to apply NDI to your requirements, contact Stan Herman and Chris Loeser, NAVSEA 03G1, (703)602-9295, or Bill McAninch at (703)602-2390.

## ***Remember ...***

***Acquisition Reform Update*** is intended as a tool for you. We welcome questions, comments, or suggestions on how we can best use this tool to keep you informed.

Contact Mr. Bill McAninch at (703)602-2390, CP5, Room 536 for further information. Or send your fax to (703)602-2117.